



# **ENERPAC**

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# **TOOL GROUP**

**Q3 FY24 Earnings**

June 25, 2024

# Forward-Looking Statements and Non-GAAP Measures

Statements made in this presentation that are not historical are forward-looking statements made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995. The terms “outlook,” “guidance,” “may,” “should,” “could,” “anticipate,” “believe,” “estimate,” “expect,” “objective,” “plan,” “project” and similar expressions are intended to identify forward-looking statements. Such forward-looking statements are subject to inherent risks and uncertainties that may cause actual results or events to differ materially from those contemplated by such forward-looking statements. Risks and uncertainties, that may cause actual results or events to differ materially from those contemplated by such forward-looking statements include, without limitation, general economic uncertainty, market conditions in the industrial, oil & gas, energy, power generation, infrastructure, commercial construction, truck and automotive industries, the impact of geopolitical activity, including the invasion of Ukraine by Russia and international sanctions imposed in response thereto, as well as the armed conflict involving Hamas and Israel, the ability of the Company to achieve its plans or objectives related to its growth strategy, market acceptance of existing and new products, market acceptance of price increases, successful integration of acquisitions, the impact of dispositions and restructurings, the ability of the Company to continue to achieve its objectives related to the ASCEND program, including any assumptions underlying its calculation of expected incremental operating profit or program investment, operating margin risk due to competitive pricing and operating efficiencies, supply chain risk, risks related to reliance on independent agents and distributors for the distribution and service of products, material, labor, or overhead cost increases, tax law changes, foreign currency risk, interest rate risk, commodity risk, tariffs, litigation matters, impairment of goodwill or other intangible assets, the Company’s ability to access capital markets and other risks and uncertainties that may be referred to or noted in the Company’s reports filed with the Securities and Exchange Commission from time to time, including those described in the Company’s Form 10-K for the fiscal year ended August 31, 2023 and most recent report on Form 10-Q. Enerpac Tool Group disclaims any obligation to publicly update or revise any forward-looking statements as a result of new information, future events or any other reason. All estimates of future performance are as of June 24, 2024.

This presentation also contains financial measures that are not measures presented in conformity with GAAP. These non-GAAP measures include organic sales, EBITDA from continuing operations, adjusted EBITDA from continuing operations, adjusted earnings from continuing operations, adjusted diluted earnings per share from continuing operations, adjusted operating profit from continuing operations, segment adjusted operating profit and adjusted EBITDA, adjusted SG&A, and net debt. The supplemental financial schedules appended at the end of this presentation include reconciliations of these non-GAAP measures to the most comparable GAAP measure. Enerpac Tool Group acknowledges that there are many items that impact a company’s reported results and the adjustments reflected in these non-GAAP measures are not intended to present all items that may have impacted these results. In addition, these non-GAAP measures are not necessarily comparable to similarly titled measures used by other companies.



# Advancing Enerpac's Corporate Strategy



# Q3 FY24 Results

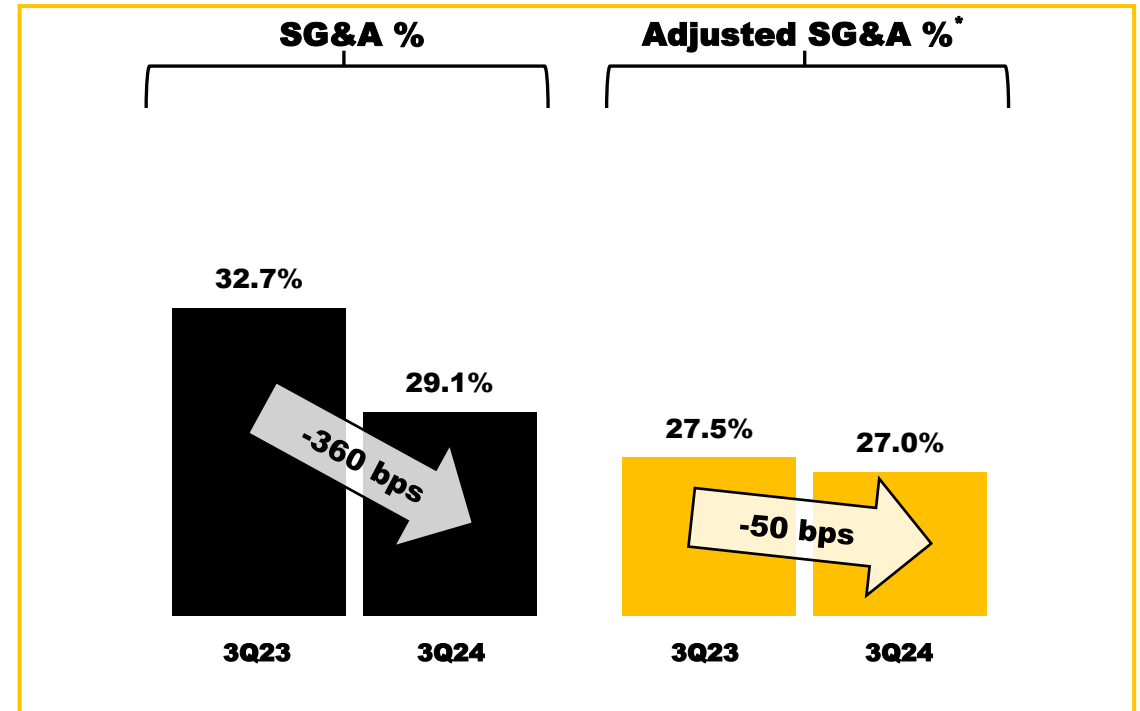
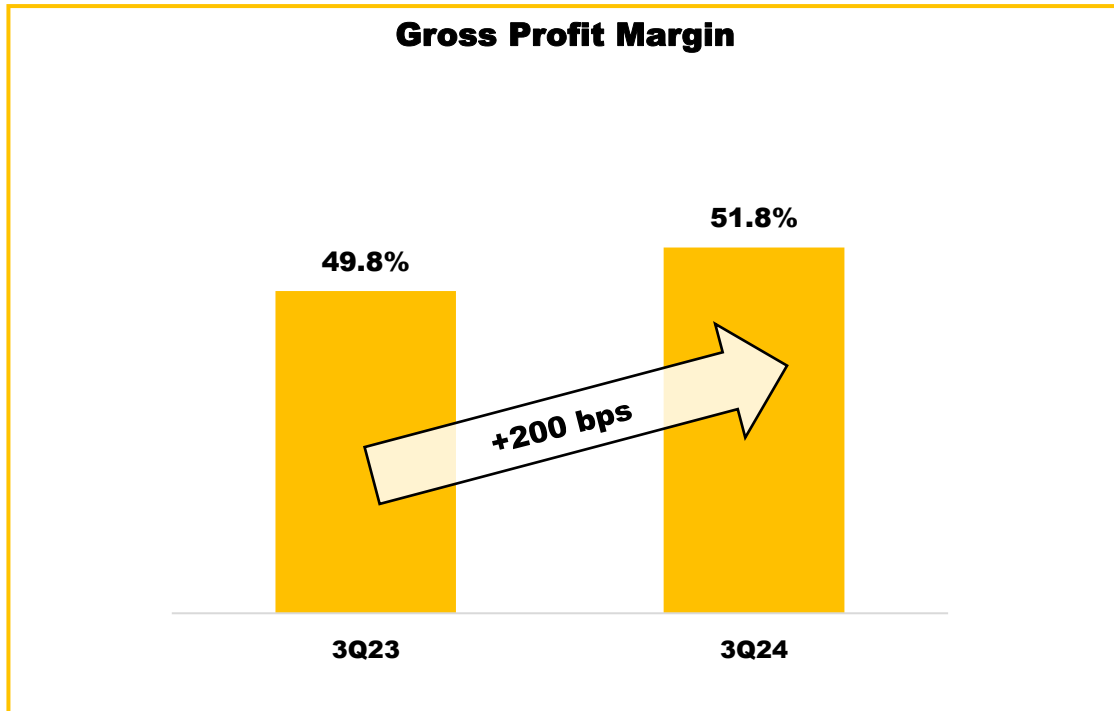
(\$ in millions)

	Net Sales 3Q23	Net Sales 3Q24	Organic Growth*
<b>Industrial Tools &amp; Service (IT&amp;S)</b>	<b>\$144</b>	<b>\$146</b>	<b>+1.8%</b>
<b>IT&amp;S Product</b>	<b>\$118</b>	<b>\$118</b>	<b>+0.5%</b>
<b>IT&amp;S Service</b>	<b>\$26</b>	<b>\$28</b>	<b>+7.3%</b>
<b>Other**</b>	<b>\$12</b>	<b>\$4</b>	<b>-14.2%</b>
<b>Enerpac Tool Group</b>	<b>\$156</b>	<b>\$150</b>	<b>+1.2%</b>

\*Organic net sales is a non-GAAP measure and excludes the impact of foreign exchange rates, acquisitions, and dispositions identified in the accompanying reconciliations to GAAP measures.

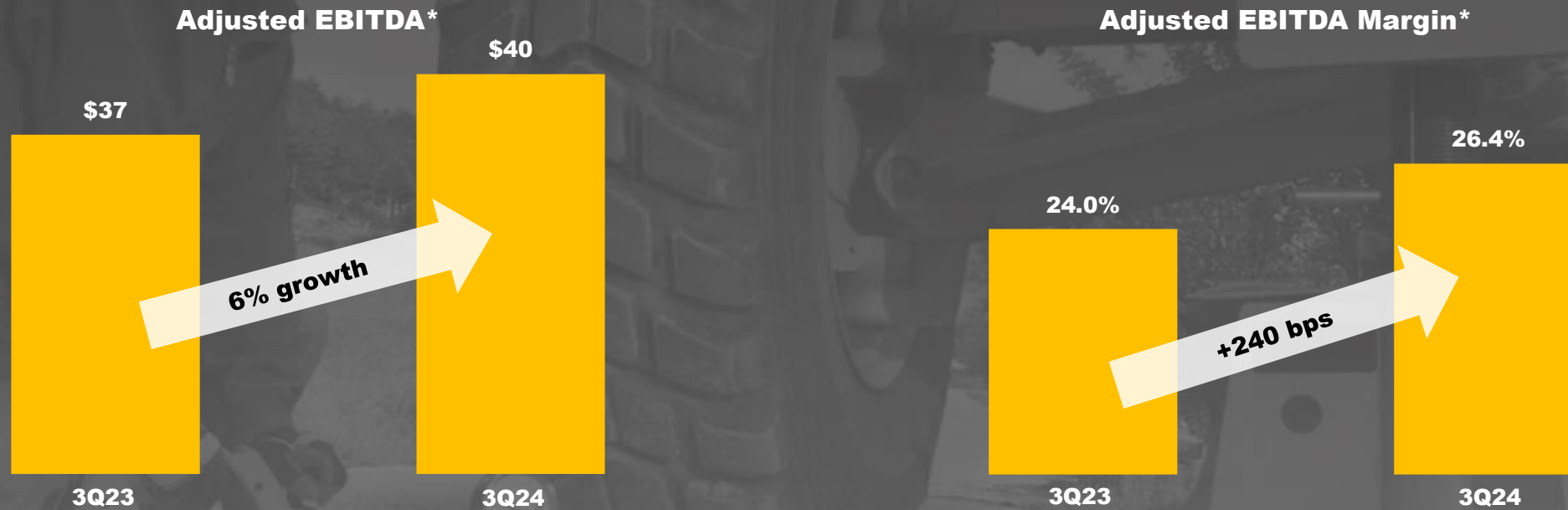
\*\*3Q23 Other segment included revenues from the divested Cortland Industrial.

# Continued Operational and SG&A Efficiency Gains



# Driving EBITDA & Margin Expansion

(\$ in millions)



# Year-to-Date Gains

**Organic Growth\*** **+2.8%**

***IT&S Organic Growth*** **+3.4%**

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**Adjusted EBITDA\*\*** **+13.1%**

***Adjusted EBITDA Margin*** **25.3% (+330 bps)**

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**Free Cash Flow** **+66%**

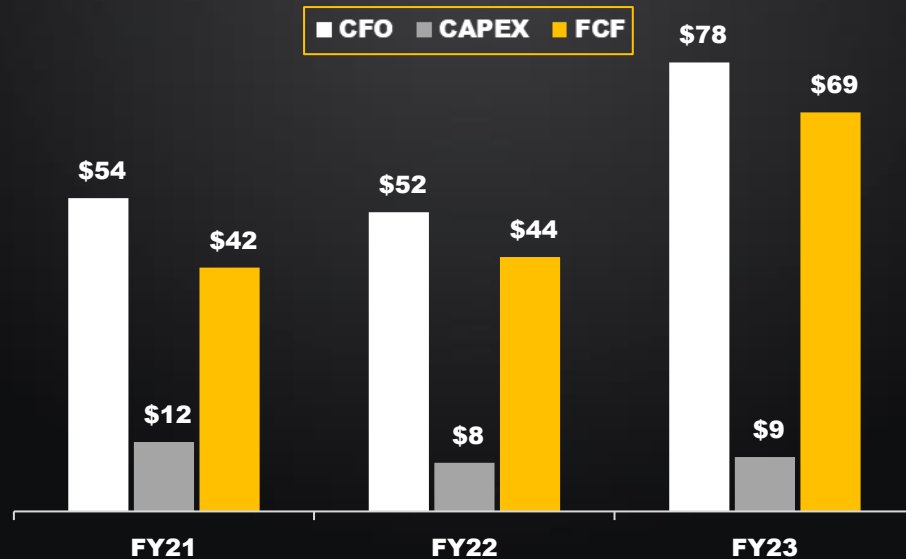


# Strong Liquidity & Balance Sheet

(\$ in millions)

Cash & Equivalents	\$132
Revolver Capacity (Undrawn)	\$399
Total Liquidity	\$531
<b>Total Debt</b>	<b>\$196</b>
<b>Net Debt/Adj. EBITDA*</b>	<b>0.5x</b>

## Asset-Light Model Enables Strong FCF\*\*



# Balanced Capital Allocation Strategy



## Invest in Ourselves

Investments in Digital, Product Innovation, R&D, Operational Excellence Improvements



## Disciplined M&A



## Maintain Our Strong Balance Sheet

Target Leverage of 1.5x – 2.5x



## Opportunistically Returning Capital to Shareholders

~3M shares remaining on current 10M share repurchase authorization



# Tightening FY24 Guidance

## Key Assumptions:

- Targeting to outperform industry and gain market share
- No broad-based global recession

Depreciation & Amortization ~\$13 - \$15M

Interest Expense ~\$14 - \$16M

Adjusted Tax Rate ~20 - 25%

Cash Taxes ~\$22 - \$24M

Capex ~\$8 - \$13M

ASCEND Costs -\$10 - \$15M\*

Key FX Rates \$1.08/1€, \$1.25/1£



NET SALES

**\$585 - \$590M**

~2-3% Organic Growth (previously ~2-4%)



ADJ. EBITDA

**\$147 - \$150M**

Previously \$142-\$152M

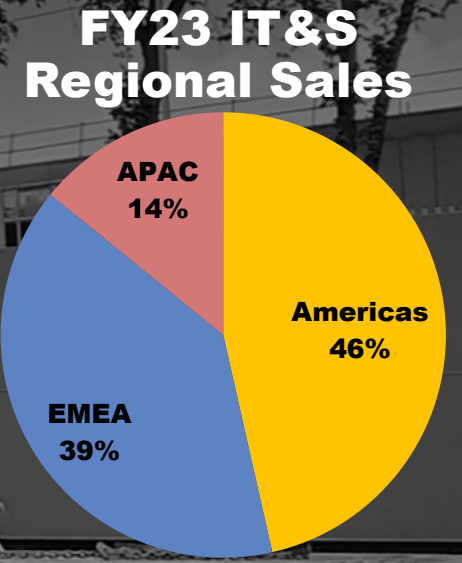


FREE CASH FLOW

**\$60 - \$70M**

# IT&S Organic Growth by Region\*

Region	3Q23	3Q24
EMEA	-LSD%	+LDD%
Americas	+MSD%	-LSD%
APAC	+High Teens%	-LDD%



\*Organic net sales is a non-GAAP measure and excludes the impact of foreign exchange rates, acquisitions, and dispositions.

# Target End Markets: Infrastructure

## The Fehmarnbelt fixed link project

- Largest global infrastructure project will connect Scandinavia with Central Europe via Germany
- When completed, it will be the longest immersed tunnel in the world at 11 miles
- Greatly reduces travel time, while cutting CO<sub>2</sub> emissions
- Enerpac's hydraulic solution will be used for a critical aspect of the construction: final subsea alignment of each of the 78 tunnel elements



Source: Femern A/S



Source: Femern A/S

# Target End Markets: Wind

- FERC Rule 1920 removes key barrier to new wind project development
- Enerpac provides tools & solutions addressing the full lifecycle of wind turbines – from manufacturing to decommissioning
- Tower Flange Alignment tool selected by leading OEMs for its compact, integrated solution and safety features



**13.5-ton Tower Flange Alignment Tool Set**

*The New York Times*

## *How an Obscure Agency Became a Linchpin for Climate Policy*

The Federal Energy Regulatory Commission voted 2-to-1 in a partisan split on Monday on a new rule that could help speed up wind and solar energy.

THE WALL STREET JOURNAL.

## Washington Tries to Break Power Grid Logjams

New rules aim to boost renewables and meet surging electricity demand

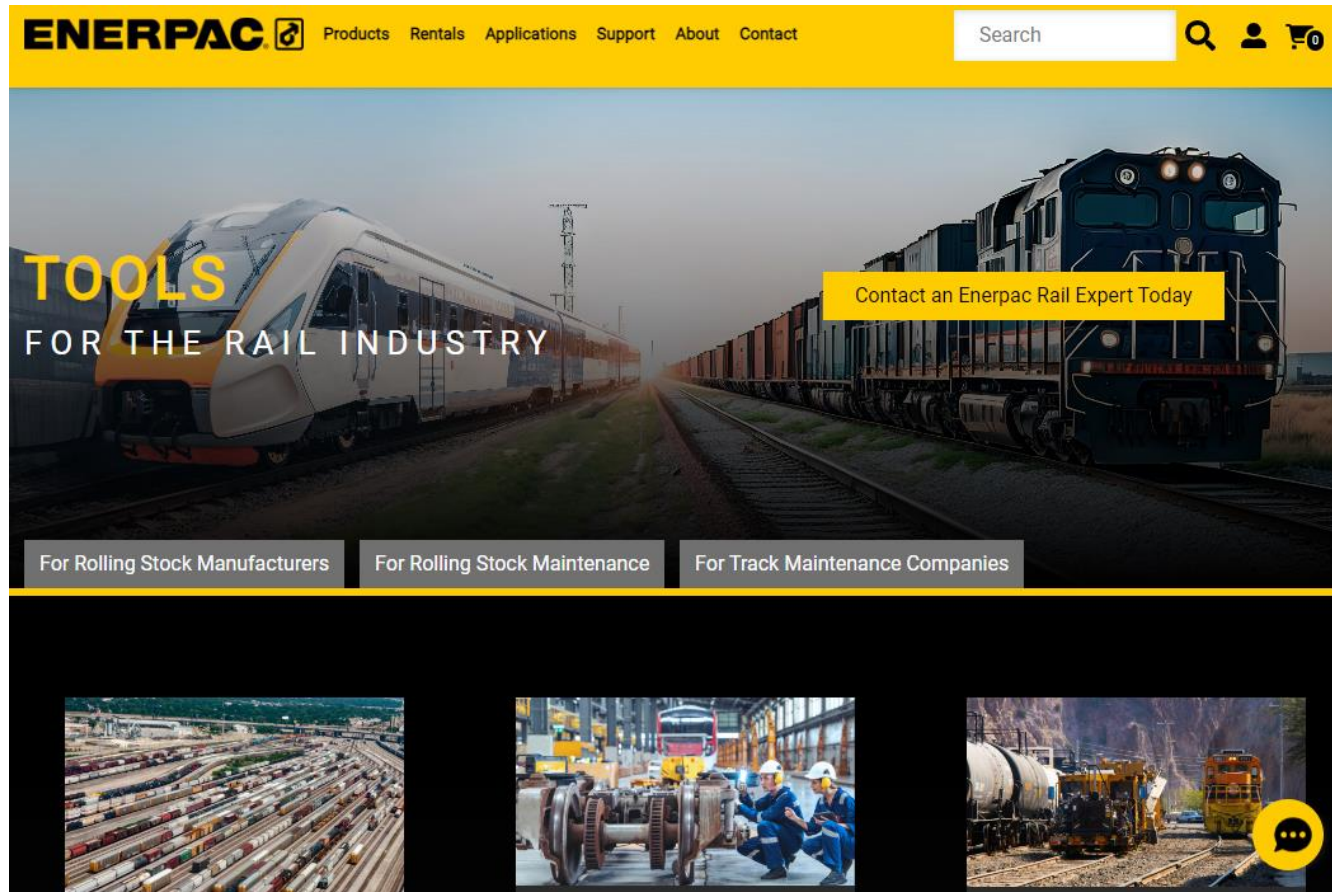


# Vibrant Innovation Pipeline: Battery Torque Wrench

- Easy-to-use, quick, accurate torque – across industries
- Models available for 3/4" to 1 1/2" square drive sizes provides a versatile solution across a broad range of applications
- Integrated digital motor vectoring system ensures accurate and repeatable torque up to 6,000 ft. lbs.
- Meticulous calibration at 60 distinct points achieve +/- 5% torque accuracy across the entire operational range
- Partnered with the CAS battery alliance to ensure global compatibility



# Digital Transformation: E-Commerce



- E-commerce sales +35% YTD on top of strong growth in FY23
- U.S. homepage redesigned in 3Q
- More than 20 million impressions from our digital ad campaigns to date
- Return on ad spend well-above industry average
- Key vertical market microsites for wind, rail, and infrastructure
- European e-commerce launched in 18 countries

# Q&A





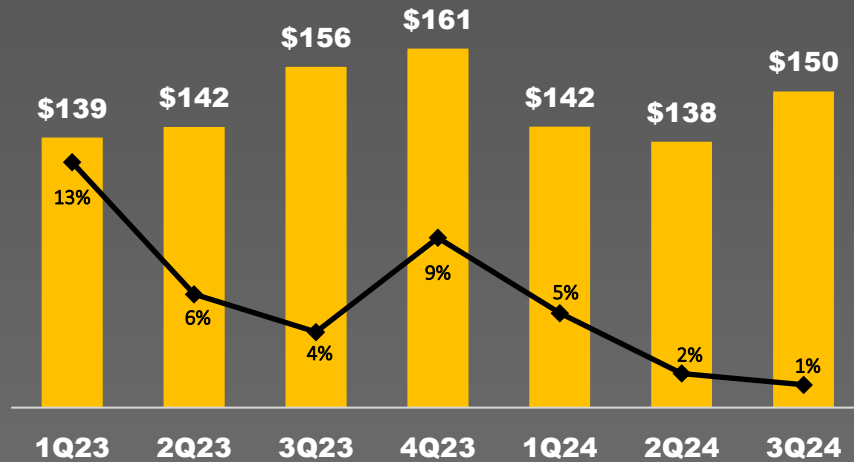
# Appendix



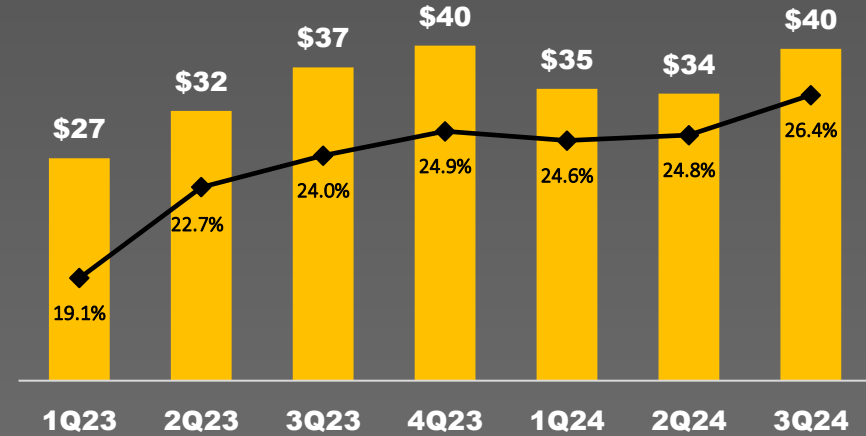
# Quarterly Results

(\$ in millions, except per share)

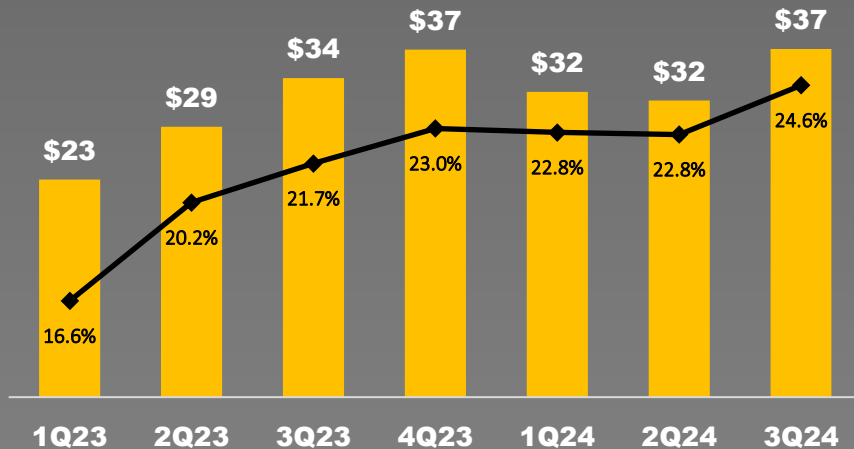
### Net Sales & YoY Organic Growth\*



### Adjusted EBITDA and Margin\*



### Adjusted Operating Profit and Margin\*



### Adjusted Diluted EPS\*



# Reconciliation of Non-GAAP Measures

(US\$ in millions)

## Consolidated Organic Sales by Quarter

### Q1 FY23

	Q1 FY23	Q1 FY22	% Change
Net Sales	\$139	\$131	6.5%
Fx Impact	-	(7)	
Total	\$139	\$124	12.6%

### Q2 FY23

	Q2 FY23	Q2 FY22	% Change
Net Sales	\$142	\$137	3.9%
Fx Impact	-	(3)	
Total	\$142	\$133	6.4%

### Q3 FY23

	Q3 FY23	Q3 FY22	% Change
Net Sales	\$156	\$152	2.9%
Fx Impact	-	(2)	
Divestiture	-	0	
Total	\$156	\$150	4.3%

### Q4 FY23

	Q4 FY23	Q4 FY22	% Change
Net Sales	\$161	\$152	5.8%
Fx Impact	-	1	
Divestiture	-	(6)	
Total	\$160	\$148	8.8%

### Q1 FY24

	Q1 FY24	Q1 FY23	% Change
Net Sales	\$142	\$139	1.9%
Fx Impact	-	2	
Divestiture	-	(7)	
Total	\$142	\$135	5.5%

### Q2 FY24

	Q2 FY24	Q2 FY23	% Change
Net Sales	\$138	\$142	-2.5%
Fx Impact	-	0	
Divestiture	-	(6)	
Total	\$138	\$136	1.8%

### Q3 FY24

	Q3 FY24	Q3 FY23	% Change
Net Sales	\$150	\$156	-3.8%
Fx Impact	-	(1)	
Divestiture	-	(7)	
Total	\$150	\$149	1.2%

## Q3 FY24 Organic Sales by Category

Consolidated Organic Sales			
	Q3 FY24	Q3 FY23	% Change
Net Sales	\$150	\$156	-3.8%
Fx Impact	-	(1)	
Divestiture	-	(7)	
Total	\$150	\$149	1.2%

IT&S Organic Sales			
	Q3 FY24	Q3 FY23	% Change
Net Sales	\$146	\$144	1.3%
Fx Impact	-	(1)	
Divestiture	-	0	
Total	\$146	\$143	1.8%

IT&S Product Organic Sales			
	Q3 FY24	Q3 FY23	% Change
Net Sales	\$118	\$118	-0.1%
Fx Impact	-	(1)	
Divestiture	-	0	
Total	\$118	\$117	0.5%

IT&S Service Organic Sales			
	Q3 FY24	Q3 FY23	% Change
Net Sales	\$28	\$26	7.4%
Fx Impact	-	0	
Divestiture	-	0	
Total	\$28	\$26	7.3%

Other Organic Sales			
	Q3 FY24	Q3 FY23	% Change
Net Sales	\$4	\$12	-63.3%
Fx Impact	-	0	
Divestiture	-	(7)	
Total	\$4	\$5	-14.2%

## Q3 FY23 Organic Sales by Category

Consolidated Core Sales			
	Q3 FY23	Q3 FY22	% Change
Net Sales	\$156	\$152	2.9%
Fx Impact	-	(2)	
Total	\$156	\$150	4.3%

IT&S Organic Sales			
	Q3 FY23	Q3 FY22	% Change
Net Sales	\$144	\$140	2.7%
Fx Impact	-	(2)	
Total	\$144	\$138	4.2%

IT&S Product Organic Sales			
	Q3 FY23	Q3 FY22	% Change
Net Sales	\$118	\$110	7.2%
Fx Impact	-	(2)	
Total	\$118	\$108	8.8%

IT&S Service Organic Sales			
	Q3 FY23	Q3 FY22	% Change
Net Sales	\$26	\$30	-13.9%
Fx Impact	-	0	
Total	\$26	\$30	-12.7%

Other Organic Sales			
	Q3 FY23	Q3 FY22	% Change
Net Sales	\$12	\$11	5.5%
Fx Impact	-	-	
Total	\$12	\$11	5.5%

# Reconciliation of Non-GAAP Measures

(US\$ in millions, except per share)

	Net Sales						
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24
Energac Tool Group	\$ 139	\$ 142	\$ 156	\$ 161	\$ 142	\$ 138	\$ 150

	Adjusted Operating Profit						
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24
Operating profit	12	14	25	32	29	30	33
Impairment & divestiture (benefit) charges	-	-	-	(6)	-	-	-
Restructuring charges (1)	1	3	2	1	2	0	2
Leadership transition charges	0	0	0	0	-	-	-
M&A charges	-	0	0	1	-	-	-
ASCEND transformation program charges	9	11	6	9	1	2	2
Adjusted operating profit	\$ 23	\$ 29	\$ 34	\$ 37	\$ 32	\$ 32	\$ 37
Adjusted operating profit %	16.6%	20.2%	21.7%	23.0%	22.8%	22.8%	24.6%

	EBITDA						
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24
Net earnings from continuing operations	6	7	17	23	18	18	23
Financing costs, net	3	3	3	3	4	4	3
Income tax expense	2	3	5	5	6	7	7
Depreciation & amortization	4	4	4	4	3	3	3
EBITDA	\$ 16	\$ 17	\$ 29	\$ 35	\$ 31	\$ 32	\$ 36

	Adjusted EBITDA						
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24
EBITDA	16	17	29	35	31	32	36
Impairment & divestiture (benefit) charges	-	-	-	(6)	-	-	-
Restructuring charges (1)	1	3	2	1	2	0	2
Leadership transition charges	0	0	0	0	-	-	-
M&A charges	-	0	0	1	-	-	-
ASCEND transformation program charges	9	11	6	9	1	2	2
Adjusted EBITDA	\$ 27	\$ 32	\$ 37	\$ 40	\$ 35	\$ 34	\$ 40
Adjusted EBITDA %	19.1%	22.7%	24.0%	24.9%	24.6%	24.8%	26.4%

	Adjusted Net Earnings from Continuing Operations						
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24
Net Earnings	7	4	12	22	18	18	26
Earnings (loss) from Disc.Operations, net	1	(3)	(5)	(1)	(1)	-	3
Net Earnings from Continuing Operations	6	7	17	23	18	18	23
Impairment & divestiture (benefit) charges	-	-	-	(6)	-	-	-
Restructuring charges (1)	1	3	2	1	2	0	2
Leadership transition charges	0	0	0	0	-	-	-
M&A charges	-	0	0	1	-	-	-
ASCEND transformation program charges	9	11	6	9	1	2	2
Accelerated debt issuance costs	0	-	-	-	-	-	-
Net tax effect of reconciling items above	(1)	(2)	(3)	(4)	-	-	(1)
Other income tax expense	-	0	-	-	-	0	-
Adj.Net Earnings from Continuing Operations	17	20	22	23	22	20	26

	Adjusted Diluted Earnings per share from Continuing Operations (net of tax effect)						
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24
Net Earnings	0.13	0.08	0.22	0.40	0.32	0.33	0.47
Earnings (loss) from Disc.Operations	0.02	(0.05)	(0.08)	(0.02)	(0.01)	(0.00)	0.06
Net Earnings from Continuing Operations	0.11	0.12	0.30	0.41	0.33	0.33	0.41
Impairment & divestiture (benefit) charges	-	-	-	(0.11)	0.00	-	-
Restructuring charges (1)	0.02	0.05	0.03	0.01	0.04	0.00	0.02
Leadership transition charges	0.01	0.00	0.00	0.00	-	-	-
M&A charges	-	0.00	0.00	0.01	-	-	-
ASCEND transformation program charges	0.15	0.17	0.06	0.10	0.02	0.03	0.03
Accelerated debt issuance costs	0.01	0.00	0.00	0.00	-	-	-
Other income tax expense	-	0.00	-	-	-	0.00	-
Adj. Diluted EPS from Continuing Operations	0.29	0.35	0.39	0.42	0.39	0.36	0.47

# Reconciliation of Non-GAAP Measures

(US\$ in millions)

Adjusted Selling, general and administrative expenses							
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24
Selling, general and administrative expenses	\$ 54	\$ 55	\$ 51	\$ 52	\$ 45	\$ 41	\$ 44
Selling, general and administrative expenses %	38.9%	38.8%	32.7%	32.3%	31.4%	29.7%	29.1%
Selling, general and administrative expenses	\$ 54	\$ 55	\$ 51	\$ 52	\$ 45	\$ 41	\$ 44
SG&A Restructuring charges (1)	(1)	(3)	(2)	(1)	(2)	0	(2)
Leadership transition charges	0	0	0	0	-	-	-
M&A charges	-	0	0	(1)	-	-	-
SG&A ASCEND transformation program charges	(9)	(11)	(6)	(8)	(1)	(1)	(1)
Adjusted Selling, general and administrative expenses	\$ 43	\$ 40	\$ 43	\$ 42	\$ 41	\$ 39	\$ 41
Adjusted Selling, general and administrative expenses %	31.2%	28.5%	27.5%	26.0%	29.0%	28.4%	27.0%

	Fiscal 2024	
	Low	High
<b>Reconciliation of Continued Operations GAAP Operating Profit</b>		
<b>To Adjusted EBITDA (5)</b>		
GAAP Operating profit	\$ 118	\$ 128
ASCEND transformation program charges	10	7
Restructuring charges	5	3
Adjusted operating profit	\$ 133	\$ 138
Other expense, net	(1)	(1)
Depreciation & amortization	15	13
Adjusted EBITDA	\$ 147	\$ 150
<b>Reconciliation of GAAP Cash Flow From Operations to Free Cash Flow</b>		
Cash provided by operating activities	\$ 68	\$ 83
Capital expenditures	(8)	(13)
Free Cash Flow Guidance	\$ 60	\$ 70

# Reconciliation of Non-GAAP Measures

(US\$ in millions)

## Year-to-Date Organic Growth

Consolidated Organic Sales			
	Q3 YTD	Q3 YTD	
	FY24	FY23	% Change
Net Sales	\$431	\$438	-1.6%
Fx Impact	-	2	
Divestiture	-	(20.00)	
Total	\$431	\$419	2.8%

IT&S Organic Sales			
	Q3 YTD	Q3 YTD	
	FY24	FY23	% Change
Net Sales	\$418	\$402	3.8%
Fx Impact	-	2	
Divestiture	-	-	
Total	\$418	\$404	3.4%

## Adjusted EBITDA YTD

	YTD Q3	YTD Q3
	FY23	FY24
EBITDA	62	99
Impairment & divestiture (benefit) charges	-	0
Restructuring charges (1)	6	4
Leadership transition charges	1	-
M&A charges	0	-
ASCEND transformation program charges	27	5
Adjusted EBITDA	\$ 96	\$ 109
Adjusted EBITDA %	22.0%	25.3%
Adjusted EBITDA% Growth %		13.1%

## Free Cash Flow YTD

	YTD Q3	YTD Q3
	FY23	FY24
Cash provided by operating activities	27	37
Capital expenditures	(8)	(5)
Free Cash Flow	19	32
Free Cash Flow Growth %		66%

# Notes to Reconciliation of Non-GAAP Measures

(1) Approximately \$0.6 million of the Q4 fiscal 2023 restructuring charges were recorded in cost of products sold.

(2) EBITDA represents net earnings from continuing operations before financing costs, net, income tax expense, and depreciation & amortization. Neither EBITDA nor adjusted EBITDA are calculated based upon generally accepted accounting principles ("GAAP"). The amounts included in the EBITDA and adjusted EBITDA calculation, however, are derived from amounts included in the Condensed Consolidated Statements of Earnings. EBITDA and adjusted EBITDA should not be considered as alternatives to net earnings, operating profit or operating cash flows. The Company has presented EBITDA and adjusted EBITDA because it regularly reviews these performance measures. In addition, EBITDA and adjusted EBITDA are used by many of our investors and lenders, and are presented as a convenience to them. The EBITDA and adjusted EBITDA measures presented may not always be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation.

(3) Organic Sales (formerly referred to as "core sales") is defined as sales excluding the impact to foreign currency changes and the impact from recent acquisitions and divestitures to net sales

(4) Adjusted earnings from continuing operations and adjusted diluted earnings per share represent net earnings and diluted earnings per share per the Condensed Consolidated Statements of Earnings net of charges or credits for items to be highlighted for comparability purposes. These measures are not calculated based upon GAAP and should not be considered as an alternative to net earnings or diluted earnings per share or as an indicator of the Company's operating performance. However, this presentation is important to investors for understanding the operating results of the current portfolio of Enerpac Tool Group companies.

(5) Management does not provide guidance on GAAP financial measures as we are unable to predict and estimate with certainty items such as potential impairments, refinancing costs, business divestiture gains/losses, discrete tax adjustments, or other items impacting GAAP financial metrics. As a result, we have included above only those items about which we are aware and are reasonably likely to occur during the guidance period covered.

*For all reconciliations of GAAP measures to Non-GAAP measures, the summation of the individual components may not equal the total due to rounding. With respect to the earnings per share reconciliations the impact of share dilution on the calculation of the net earnings or loss per share and discontinued operations per share may result in the summation of these components not equaling the total earnings per share from continuing operations.*